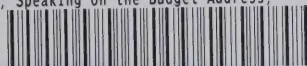
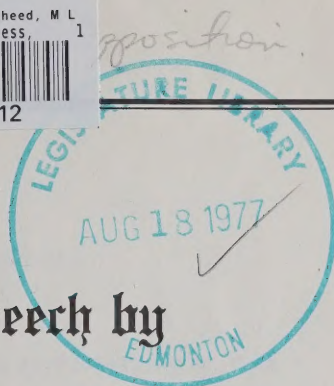


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Speaking on the Budget Address, 1



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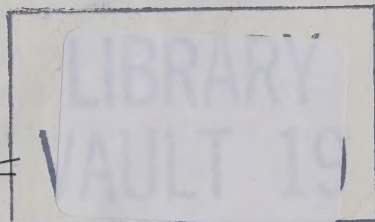
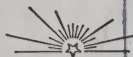
Text of a Speech by

PETER LOUGHEED

M.L.A.

speaking on the

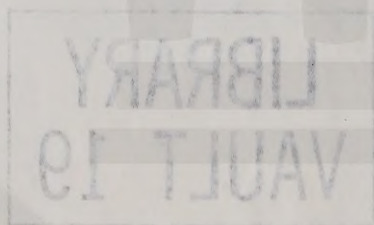
BUDGET ADDRESS, 1971



Delivered in the Alberta Legislature

Friday, March 12, 1971

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Mr. Peter Lougheed, Leader of the Opposition.

Thank you, Mr. Speaker.

Mr. Speaker, first of all in participating in this debate I would like to express my appreciation to the Honourable Provincial Treasurer for providing us with the information with regard to the various federal government programs and the net position that is effected with - in terms of the Alberta programs. I also appreciate, Mr. Speaker, some of the Ministers on the front bench making some effort to fill in some of the very serious gaps that existed in the documents tabled with the Budget, and it is hoped that that will continue.

Mr. Speaker, I would like to start by joining with all of the others on both sides of this House in a very sincere tribute to the Honourable Provincial Treasurer for the contribution that he has made to the Legislative Assembly of Alberta, the contribution that he has made in many, many ways to the people of Alberta. He will be sorely missed on both sides of the House, and his experience recently in his home city of Lloydminster and the accolades that he received were certainly well deserved.

Mr. Speaker, I think particularly it is true that one has to assess the circumstances in Alberta today, that the Provincial Treasurer will be very sorely missed by the Social Credit Party.

Now Mr. Speaker, the Honourable Minister of Municipal Affairs has made a number of observations and I could almost sense as he spoke that the Member from Calgary Victoria Park would be looking forward with interest to helping to set the record straight and I am sure that some of the items which he stated with regard

to housing particularly, and in terms of Alberta's very sorry record in this field, will be brought to the fore later in this debate.

Mr. Speaker, I have been asked on a number of occasions to try in a word to describe this Budget. I found when it was presented and when it was read that it was a very puzzling document. It raised more questions than it answered, as my colleague from Calgary Bowness stated in leading off the debate for the team on our side. I would describe this budget in a word - as clearly a 'stand still' Budget. There is very, very little new. There is certainly no new directions of any significance, and it brings forth to me, Mr. Speaker, one message - the message that everything's just okay, that nothing really needs to be changed in Alberta. That there is no need for new programs - in employment, particularly in that age group between forty five and sixty five, with our senior citizens with housing; and definitely no need, Mr. Speaker, which is even more serious in view of the plans of the Provincial Treasurer - no need for entirely new financial and economic policies. In short, Mr. Speaker, it's a Budget of a stand pat, let's not rock the boat government - unfortunately, and sadly so for the people of this province, it fails to recognize the changes that the citizens know are going on, the dynamic changes in this province. For these reasons I would have to say important as it is, it is not a very significant document. Because Albertans are interested in this March of 1971 in how the Alberta government of the future would respond to new conditions, to new situations, and to very real changes. Changes of urbanization, changes of rising expectations, of the growing frustrations in the small towns, and how we can meet the demand for twenty thousand new jobs every year, merely to stay on top of it. Changes arising

out of bigger government getting bigger each year. Changes of problems of local government requirements, the increasing number of senior citizens that we have. The pressures on the family farms. The shift of the oil and gas industry north. The technological development in this province. The recreation demands due to a shorter week. The federal government initiatives that so keenly affect this province and its economy. The demand - the growing demand for Canadian participation. The shifts in world commodity prices. The effect - and the very serious effect I want to deal with later - of the Chemcell close out. The combined and difficult problems dealt with effectively in this House this session by the Minister from Strathcona East of unemployment and inflation concurrently. The matter of tax reforms, the priorities of our citizens, and the quality of life that we want.

Mr. Speaker, that's what the people of Alberta would like a Budget to respond to, to declare a government position upon, to dealt not with just today but to deal with the future. Not to stand still with the present. What they want are new approaches, and new policies and new attitudes - to harness, to cope with, and to turn to advantage these changes in Alberta.

So, Mr. Speaker, the focus of my remarks today will be on the fiscal and economic policies which I think are in order and have merit for this province and its government in the next five years. I dealt previously in this House with the social policies that I would hope would be in the best interests of the people of Alberta, so today to balance that half, I would like to present views regarding economic, financial and tax policies.

Now first of all, Mr. Speaker, one of the most important areas that the Alberta government will face in the next five to

ten years is in the field of federal-provincial agreements. I have set forth on a number of occasions both here in this House and throughout the province, our views and our approach. I have stated that a Progressive Conservative government would include within its Executive Council as the second minister, a minister responsible day to day, giving his full attention to the matter of our relationship with the federal government in this federal state. He would not need, Mr. Speaker, a large department. It could be a tight and effective group. It would not be a matter left to Executive Assistants. It would be a matter placed before an Executive Council by a minister who had that standing and that position within it.

Mr. Speaker, a further step tied to that that a Progressive Conservative government would have, is to take an Ottawa office, take an office of the Alberta government at Ottawa, and truly make it a nerve centre. Make it hum. The Provincial Treasurer of this province has provided a document that shows even today twenty percent of the aggregate revenues that flow through this Budget - twenty percent of it comes on various programs tied to the federal government. Well, Mr. Speaker, an example of that might be noted. Through lack of action by the Social Credit government of Alberta the people of Alberta have been deprived of sixty six percent of their rightful share of federal funds available for public housing and land assembly purposes, over a twenty year period - of 1950 to 1970. During that time the federal government contributed over seven hundred million dollars for these purposes, of which Alberta - what did it receive? - seventeen and a half million - with seven percent of Canada's population we received less than two and a half of the available funds. This province - this government - needs a nerve centre in Ottawa that

will make sure that these monies are not left on the table, which will assure that we are completely in touch with, as we have seen on so many occasions, in this House in its four weeks of cases where the Social Credit administration are completely out of touch with Alberta - with Alberta's position in Ottawa. I can use some examples. In the field of oil and gas, most people who are informed in this area are shattered by the statements that are made in this House by the Minister of Mines and Minerals, by the views that he expresses as to being aware of what's going on and of the developments. We asked yesterday in this House to have some initiative taken - the answer was - well we met with the Prime Minister in July. Well, they met with the Prime Minister in July on the basis of him taking a one hour stop-over on the way finally they were able to arrange - taken place at the airport, involved a discussion regarding (Cal Oil). It would be interesting if the people on the other side would explain the embarrassment of the government regarding that matter. There is the whole matter of Bill C176 which has been raised by my colleague Dr. Horner from Lac Ste. Anne and the ineptitude of this administration in failing to get its views across effectively, in supporting and completely misreading the agriculture community in this province, in supporting in principle as 'a remarkable achievement' I believe the statement was by the Honourable Premier - the Bill C176. And now coming forth today on Orders of the Day and talking about - oh, at this late date we now realize that hogs should be excluded too.

The committee came to this province, and what did they do? They failed to appear. Well, Mr. Speaker, these are some of the items. We raised in this House whether or not the Social Credit administration had thought it worthwhile to prepare a report regarding the federal government Task Force on foreign ownership. We asked for a Motion for a Return. The motion was rejected on the

grounds that no effort had been made by the Social Credit administration to present to the federal government their views on foreign ownership - and I want to deal with that later in my remarks.

Now there is another matter, Mr. Speaker. It perhaps went unnoticed by the general public. But it has had a lot to do with Chemcell, a lot to do with the vitality of this province. And that has to do with the effect of the adjustment of the Canadian dollar and today the Financial Post of March 13th, 1971 stated, "Upward pressure on the Canadian dollar is currently so strong that the chances of its breaking through par with the United States dollar has never been greater. But it would be bad news for Canadian exporters and industries heavily dependent on exports or people concerned about unemployment, and ultimately for borrowers on foreign markets". That fits this province, one - two - three. And yet, when we asked about this - what sort of effort had been made by the Alberta government to consult with the federal authority on this critical issue that affects a natural resource based province - the answer that we received is that there was no consultation.

I could go on, Mr. Speaker, with a very long list of cases and circumstances where the Alberta government, the Social Credit administration, is out of touch, is isolationist, is not part of the main stream of life in Canada, in any sort of statement that in this province today we know what's going on - in the federal government, in the House of Commons - is just clearly not so in relation to the record. And action had better be taken, and a Progressive Conservative approach is, as I suggested, the need for a reorganization that is truly meaningful, and not merely shifting and altering bureaucracy to suit the whim of people in their motivations, in their attempts to try to appear that something is being done.

Now, Mr. Speaker, the next government of the Province of Alberta have got a real challenge. They have got a challenge in negotiating on behalf of the people of this province the Federal-Provincial Fiscal Arrangements Act, which on March 31st, 1972 expires. And we can talk about a lot of things that are important and very important - but when it comes right down to it, the effectiveness of a government in its ability to negotiate that agreement and obtain a fair deal for the people of Alberta, is going to be one of the greatest challenges of the new government after the next election. It's not going to be easy to do. It's going to require delicate and determined and very intensive negotiations. It's perhaps, Mr. Speaker, for this province with respect to be more important than the Constitution, because it will answer whether or not the Members of this Legislative Assembly in the years hence will be able to meet the rising expectations of our citizens in the very important areas of provincial constitutional responsibility.

Mr. Speaker, in my view, the basic position that should be taken, and a position that would be taken by a Progressive Conservative government, is that the allocation of tax revenues as between the federal and the provincial governments should be altered from the present twenty eight percent for the province to a minimum - and I underline that word 'minimum' - of fifty percent. Mr. Speaker, if we don't do it the ability of whatever government it is to meet the proper provincial responsibilities under the Constitution will be very, very seriously jeopardized.

Mr. Speaker, the Tax Structure Committee in its report of February 16th and 17th - and some people say, well you know these are very dry and dull documents - but what they really mean to the Members of the Legislative Assembly and to the people of Alberta will be the test between 1971 and 1976 as to whether or

not whatever is the government having the responsibility, it is able to effectively deal with it. The Tax Structure Committee in its latest report - and I think there are important arguments that should be put forth to this House - at page 18 states this, "The concept of national goals and priorities is acknowledged to be a difficult one. Nevertheless in the provincial view, the factors of new and expanding public needs making for a rapid expansion of the public sector, clearly focus attention upon these needs in education, in health, in welfare, in resource development, in transportation, and urban environment, in social capital, and the support of economic growth and so forth. In fact the observed trends in the increases in public spending by function confirm the general priority which the country has attached to these requirements. Further" - and this is the important point Mr. Speaker - "they fall more within the areas of provincial jurisdiction and the provinces need to have a share of total revenue resources adequate to meet their constitutional responsibilities".

Now Mr. Speaker, the alternatives to that are two, and I don't like either of them. It's either to give up to the federal jurisdiction - to give up to the federal jurisdiction the proper jurisdictional responsibilities that we have and were charged with under the Constitution. Now I'm not enamoured with that sort of centralization. I've seen it, and the Members on both sides of this House have seen it, and we can all account many, many cases where a well intentioned federal program failed to get across to the people of Alberta in the way in which it was needed, because that program spread right across this nation failed to take into consideration the specific needs of this province, be it water irrigation, be it the whole question of northern development, be it a matter of the national parks - in my view so much

of what we are going to be required to do - and I think back as all of us do on the medicare debate - means that it is critically important that the jurisdiction that we have here is managed and administered by a provincial government. So the first alternative and one I think is very unfortunate, would be to give up to the federal jurisdictions and have greater centralization.

What's the second alternative if we fail in this negotiation? We will be unable to meet the demands and the legitimate demands of our citizens for essential public services. Now quite obviously joint programs are not the answer. And at page 41 in the Tax Structure Report they point out many, many reasons, and that's been discussed before in this House. So this negotiation Mr. Speaker, is critical to the Seventeenth Alberta Legislature and the government it elects. But you know, I've had this difficulty, and I'm sure that the Members on both sides of the House have had the same - I get into a public meeting on this subject and I talk about it, and I get a pretty blank look by the public. A blank look about how important this is, of really a lack of awareness. And I think we have responsibilities as Members first, all sixty five of us, to get across to the people of Alberta the importance of assuring that the tax sharing agreement is of such a nature that there is a reasonable fair split between the provinces and the federal government - and we have all got - on either side of the House, and I suggest too that the Executive Council and Leaders on both sides of the House - have got to do a job in trying to communicate to the public the importance of this issue. There is a 'ho'hum' response to it. There is the odd editorial that comes out when it's raised once a year and that editorial seems to say - well, we've got to have a strong central government. Well, I think it's important, and I think too that leaders

of government are going to have to play a much larger role in developing a greater degree of positive public awareness. The leaders just talk, and we still hear it, about western separatism. It's a very negative situation. Why can't we convert that talk that frustration, in a positive way to the idea and the concept that the revenues that are paid by the taxpayer - and the taxpayer is the same whether he is an Alberta taxpayer paying to the federal government or the provincial government - that those revenues should go and be fairly allocated between the two levels of administration.

Mr. Speaker, without being argumentative about it or debatable on this question, I suggest to the leaders opposite it is not good enough to once a year, by the Provincial Treasurer, to make a token effort at public awareness on this matter. Strong - and I'm sure he feels very strongly about it, as I do, but I submit that a great deal more has got to be done, not only by the Provincial Treasurer but by the Honourable Premier, to communicate this issue to the people of Alberta. There has to be a greater understanding of its importance. Constitutional matters are fine. But this matter goes to the whole capacity of the provincial government in the future - and I suggest Alberta can be a leader here.

Now Mr. Speaker, the federal government in my view has been taking far too large a portion of the revenue. The federal government's reasons are these - that they have to do it to control the fiscal and monetary policies of Canada as a nation. Well, I don't agree. In a federal state I don't agree with the idea of being a junior government. As far as I am concerned in a federal state it simply won't work if you've got one federal government going off with a fiscal and tax policy and a monetary

policy in one direction and ten governments going - provincial governments going in the other direction. I don't care how strong they move, if the ten provincial governments are moving in another direction it won't work. And when they move on something like the dollar, and the unpegging of the dollar, if we've got a federal state that means something, then I suggest there should be meaningful consultation with all ten provincial governments on that issue. And that's why you need a minister who is responsible for this and an Ottawa office that works.

And it's going to be important, Mr. Speaker, in the years ahead for government leaders to reduce this question in terms the citizen understands. Put it this way - what do they want - do they want for example a fancy foreign external operation or do they want better health services here at home in Alberta. Put it to them in those terms, because I submit that the government of the Seventeenth Alberta Legislature is certainly going to have to face up to that as its important challenge.

Now, it's going to require the top co-operation of premiers. There have been some very significant changes in the line ups of the premiers, new ones such as the Honourable Mr. Hatfield and the Honourable Mr. Davis. I think - I hope - that what we might see in the future is that the premiers of this nation are prepared to accept some heat on a matter that I think is important. When they meet as a group there has always been the kind of suggested concern that they are ganging up on Ottawa. Well, I say that's sheer nonsense. I think they ought to gang up on Ottawa. I think they should present a united approach of ten premiers, and if that united approach can be developed then I think that they should stand any criticism that might be levelled, because I don't think it will be levelled by very many Albertans. That

it will be important that they in fact do that. And I think that the leader of government in Alberta should take and play a role of leadership in assuring that that sort of development occurs.

Now Mr. Speaker, in regard to this negotiation there is a technical point - there are two points that I would like to raise. As a last resort if we are unsuccessful in negotiating a sound federal-provincial agreement, we are going to have to look - and we should be putting in motion the wheels now - and this is also related to tax reforms - we are going to have to look at the advantages and disadvantages of our having our own income tax system. I think it's undesirable, but I do think that we should be making that evaluation as we enter this critical negotiation stage, and that the Civil Service of Alberta should be required to make that sort of assessment today.

Now there's another matter, Mr. Speaker, I've talked about it on three - and this is now the fourth - occasion in speaking to this House on the Budget debate, and I'm going to continue to deal with it - and that is the fact that I am convinced that this province is not getting its fair and proper share of corporation tax, particularly as paid by the pipeline companies and perhaps I can dramatize it by naming companies then.

Mr. Landeryou

-----question to the Member. If he would deal with
Honourable Mr. Dixon

Order please. Will you accept the question, Honourable Leader?

Mr. Dougheed

Well, Mr. Speaker, I would prefer if I could deal with it later.

Honourable Mr. Dixon

Carry on.

Mr. Lougheed

The pipeline companies that I refer to, and what I'm trying to get at, is the question of the degree of payment that is made by these corporations, and its allocation as between provinces. And I have stated on a number of occasions the need for this province because this is where the pipeline starts, to have a much larger percentage of the amount of corporation tax paid by the large pipeline companies, and the same applies, and the same argument applies to the integrated petroleum companies of which we are all familiar.

Now what does it mean? Well, the Provincial Treasurer he keeps hearing me out and keeps ignoring me on this issue. He probably says - well it must amount to 'peanuts' I guess - but I don't think it amounts to peanuts. I think this province has been out-negotiated to the tune of a substantial amount of money and I think that there should be a full and complete evaluation of it. I don't have those facts - they're in his hands, but I would like to see that sort of an assessment made as to our re-negotiation that would be made and what it might mean. Maybe it would only mean a million dollars - well in the fields of mental health and senior citizens and others I can think of that 'a million dollars' could mean quite a bit. But if we don't look at it, what it means in terms of this present agreement, an agreement where a pipeline starts in Alberta and ends in Ontario, and they divide the payment up in relation to the miles of the pipeline - and I could go on and the argument is very familiar to the Honourable Provincial Treasurer. Mr. Speaker, I note, to reinforce this, that the Alberta Business Trends we all received a few days ago indicates that 7.8% of the total corporate taxable income in Canada comes here. Think about that for a minute. That's just exactly

equal to our population. And yet, if we've got such an industrial and powerful province as the front bench on the other side keeps saying, why is it that that percentage isn't substantially larger than the average. Think about that figure for a while. It should be a way larger than the average for Canada in terms of population if that is the vitality of this province.

Now, sure, Mr. Speaker, these are complex questions. But these are matters that should be properly dealt with in the Alberta Legislature and debated by all sixty five Members. And by all Members intending to come back and to seek re-election and to participate in the Seventeenth Alberta Legislature.

Now I would like to make an aside about a matter that is not particularly related to this excepting indirectly. It's an aside with regard to the matter of the Constitution, but it's an important aside. I put it to the Leader on the other side this way. If there is going to be a final determination with regard to the Constitution that involves any veto of the west of British Columbia there better be legislative approval by the Members of the Legislative Assembly of Alberta, and secondly, if there is going to be any withdrawing of negotiations from any meeting by a government where fifty six percent did not vote for Mr. Manning's government in 1967, there better be a mandate for that.

Now Mr. Speaker, we dealt last session with a matter that was important to all Albertans - the matter of tax reform. This spring we hoped to have revealed the federal government's ultimate legislation. It will have a profound impact on a natural resource based province such as Alberta, and I hope and trust that the Honourable Mr. Benson will not be leading either side of the House up any garden path on this question, and I was pleased with the response yesterday by the Provincial Treasurer that he is as

wary yet of any view that the White Paper has completely disappeared into thin air, as I share that same degree of skepticism. I spoke last year on this particular debate, Mr. Speaker, at length about the White Paper on Tax Reform. I presented a motion to this Legislature with regard to a hope that there might be unanimous support of every single Member as to the detrimental impact of that White Paper upon the citizens of this province. I regret that Members opposite did not concur with our view that there was considerable strength in a unanimous legislative position on a matter of such importance. But Mr. Speaker, after the Legislative session concluded last year, and as I said I would in this House in my place here, I went before the House of Commons in their Committee when it came to Edmonton in July of last year, and you know, that was one of the most difficult - one of the most challenging - but on the other hand one of the most enjoyable days I spent in 1970 - it was very significant that this committee came to the Province of Alberta to hear the views of Albertans. I presented a brief to the Committee, and then I got into a very lively question period. One of them that Members might appreciate on both sides is that when I was arguing the need for federal-provincial co-operation, one of the members of the committee said - well now, Mr. Lougheed, don't you think that there comes a time when we hear everybody out and we hear all the provincial governments out, and then just like a sports game, we're the referee and we decide - well, that attitude - well, you may think it's funny - but I don't think it's funny. I think that sort of attitude is extremely dangerous, because you had better have a tax system that has got the concurrent support of provincial governments as well as the federal government - so if you think it's an amusing matter then I think you had better think about it again. Because this is a very critical matter that we have tax reform legislation

in this nation that has the concurrence of both levels of a federal state.

Now there was in my opinion here an opportunity of direct communication to this very critical committee, the House of Commons committee, which will play a key role in fashioning the ultimate tax legislation. And Mr. Speaker, I was very disappointed that the Honourable Provincial Treasurer made a judgment decision - with all good intentions - not to make an appearance before the committee. The Provincial Treasurer in Ontario, Mr. McNaughton, appeared before the committee for an entire day, discussed all of the ramifications of the White Paper on Tax Reform, and the Provincial Treasurer from Saskatchewan made a similar appearance. A number of the members of the committee told me - the Commons committee, that they felt that these appearances were very, very helpful to them, because it's a direct personal appearance. It's so much more effective than merely the receipt of a long and technical document.

Now the position, I understand, that the Honourable Provincial Treasurer took on this matter - his reasoning was - that the approach that the Alberta Social Credit government would take was official to official - official government to official government, deputy minister - deputy minister; formal brief - formal brief. Well, Mr. Speaker, I think it was a serious error in judgment. Because the Commons committee was important, and is important in terms of its report on ultimate tax legislation. You know, it was so important that after they provided their final position - the Commons committee - the Honourable Mr. Benson wrote the Provincial Treasurer, the Minister of Finance, and said could we have your response to the House of Commons conclusions - conclusions. Well, the Honourable Provincial Treasurer thought that was important enough - after the event - to write a twenty

six page summary of the Government of Alberta reaction to the Commons Committee and Senate Committee reports on tax reform - after they had made their report.

Well, Mr. Speaker, with all the respect that I have for the Honourable Provincial Treasurer, you make mistakes - and we all do - and that was one. Because that submission should have been made, not by formal document after the horse was out of the barn, but then, on July 23. Mr. Speaker, I felt it was a worth while appearance. And one thing really struck me. Right at the outset, the first four or five questions by the Committee, they seemed to think that they were in this province here of Alberta and that there were no problems, that everything was just fine, that this wasn't a matter of real concern here in Alberta. They seemed to be convinced that really we were just kind of talking, but we weren't really deeply concerned. Well, Mr. Speaker, why? Why did they have that attitude? I suggest that that attitude is a natural response to the disservice that the Social Credit administration has made with their propaganda programs, that all they talk about in this province is strengths - they fail to consider and give due appreciation to the weaknesses and to the needs for improvement. They are always patting themselves on the back. And - what's happening? They are being listened to in Ottawa - and so a Commons committee arrives here and so they have that attitude. And yet, on December 4th, 1970 in the Canadian Press report in the Lethbridge Herald, with reference to the federal government budget, the comment made by the Honourable Mr. Aalborg in a telephone interview was that the federal budget continued a trend by the federal government to concentrate in Quebec and the Maritimes at the expense of western Canada. He said,

Alberta's full share of about two hundred million allocated for public works projects in an attempt to combat unemployment was proof the west was being ignored. Yes, Mr. Speaker, the west is being ignored, and part of the reason for it being ignored is the disservice of Social Credit propaganda and in the failure of Social Credit to deal in this year of 1971 with the challenges and the needs for new directions.

(applause) -reflects a serious inability to communicate a clear picture - you want to communicate a clear picture not just of the strengths - that's important - but also of the weak parts of the Alberta economy, of the areas that need strengthening, so that the federal government are prepared to work hand in hand with us. It certainly came through to me, Mr. Speaker, in that Commons committee that that was so.

Mr. Speaker, I presented this brief, which I would like to table, and this is the brief that I made to the Standing Committee on Finance, Trade and Economic Affairs to assist in the improvement of proposals for tax reform. I would like to deal with some parts of it. I hope that parts of it at least would find some concurrence on both sides of the House. In the opening remarks that I made I said this, "I am not aware of how many other elected provincial legislators have appeared before this Committee, although I am aware that the Provincial Treasurer of Ontario has made a submission to you and Saskatchewan made it on the previous day. Further I am sure that the recommendations of this Committee" - that's the Commons committee - "will have a significant effect upon the ultimate federal legislation. In my view I have a clear responsibility on behalf of the people I represent to present directly to you the reasons I believe that the economy of the Province of Alberta would be particularly vulnerable in the implementation of many of these tax proposals". I went on to set forth nine guide-

lines for tax reform that I felt that Canadian tax reforms should have, and I would hope that Members on both sides would consider them, perhaps debate them. Maybe they have others. The first, that it has got to be a co-operative effort. Secondly, that the pursuit of equity isn't over-balanced so that we restrict economic growth. Thirdly, that risk taking is rewarded. Fourthly, that we have got to build a bigger pie and not merely carve it up differently; fifthly, that lower income citizens should have some consideration in relation to their property tax; - I went on to deal with Canadian ownership of Canadian business and the need for a continual flow of capital here. And a recognition of the inter-relationship between the two economies, and that experimental tax reform should be implemented in stages.

Well, Mr. Speaker, those are the submissions that I made and in C(1) I tried to point out the peculiar nature of the economy of Alberta which was often misunderstood. The importance of agriculture, the decline in net farm income, the rapid urbanization but most important, that Alberta needs a decade - it will take a decade to get ourselves away from our over-dependency on natural resources, and to build a broadly based economy with the difficulties we have.

Now, Mr. Speaker, if that decade is started at the outset - and it should have started twenty years ago - if that decade is started at the outset with the set back of tax reform measures that are not in the best interests of this province, we are going to have a very difficult time indeed.

And Mr. Speaker, I went on at pages here to deal with a number of the matters that I raised in the House last year, and I will not repeat them - just to highlight the fact that a capital gains tax is clearly premature for Alberta. That if there is a

capital gains tax scheme that is brought in by the federal government that we should consider what the Ontario brief has done to do something to ameliorate the severe impact on private investment. I went on, Mr. Speaker, too to deal with the incentives and support for small business enterprises, and there are a lot of matters here that I think are of interest to Members - ways in which small business should be encouraged.

I dealt too with the matter of the farmers, with this statement, that 'surely this is no time to further jeopardize the farmers' position with unfavourable tax reform measures'. And Mr. Speaker, I dealt too in my report with the need to have alternative ways in which we have tax credit treatment for property taxpayers, that we could have a deduction for property tax against the income tax. Now these are important things that in my view this Legislature should stand up - speak up - about. Is this a valid approach? I think it is. I think that our income tax system is such that it would warrant a way in which you could have deductions of property tax so that that very difficult tax - property tax that I will deal with in a few minutes - overcomes this problem

I concluded my submission, Mr. Speaker, with the statement that most Albertans were prepared to do what we could to work towards national unity, but we felt it was a two-way street, and we felt that it should be met by a corresponding effort by central Canada to assure that some of the views here in Alberta are considered and dealt with, and not ignored. And certainly in the area of tax reform this is critical.

Now Mr. Speaker, that deals with my brief to the Commons Committee, which I felt was one of the important occasions that I spent last year in my public responsibility. I would like to deal now with future Alberta tax policies. The first one is

that upon the provincial government's share of income tax a great deal will rest, but if tax reform is conducted in such a way as to be clearly and specifically detrimental to the citizens of this province we should enact an Income Tax Adjustment Act. We should follow the precedent of the Estate Tax Rebate Act. And the purpose of it, and it should be in the planning stage right now - would be to offset some of these detrimental effects regarding small business, the farmer, property taxpayer, and the capital gains tax. And to assure that the strength and vitality here in Alberta are not set back by federal tax reforms.

I think that this is a practical proposal, and that we should consider, and be ready for, an income tax adjustment act in Alberta. And to that extent offset some of these ultimate - some of the ultimate federal legislation.

Secondly, I think in future Alberta tax policy we should have tax schemes that overcome the advantages of large corporations as compared to small companies and small enterprises. We all know, Mr. Speaker, these advantages. The cost of money that the large company can obtain relative to the small company. The relative unit cost being lower in terms of training. The costs of management consulting fees, the research expenditures - these are all areas in which small business enterprise finds itself at a disadvantage relative to large concerns. And I think an enlightened and new Alberta tax policy should devise incentive schemes that overcome that situation.

Mr. Speaker, my objective - the objective of my colleagues, is to create an economy in Alberta where we maximize and increase in every way we can the number of Alberta controlled enterprises, and I think that this is another way in which our tax policy in the future should be directed.

There is a third aspect of our future tax policy - and that is that in the past we have treated an investment such as an

automated plant taking advantage of our natural resources, in exactly the same way that we have treated a service job producing enterprise, and I don't think they should receive the same tax treatment. I think we should come up with a way, particularly in a province such as Alberta, that we can look at a difference between an automated gas plant out at (Kaybob) and the tax treatment that is given there with something like the alfalfa plant that has been planned in Smoky Lake which involves a lot of people in that community. I think we should reward risk taking, and we should have a tax system that creates incentives to produce jobs and not merely investment. And I hope we will have an end to Ministers of Industry standing up and proclaiming their position regarding progress based on aggregate capital investment. These factors should be related to job producing factors, because that is where the challenge is going to lie in the decade ahead. So the third aspect of future tax reform is an incentive system that is geared towards giving incentives to those areas that create more and more jobs.

The fourth area is the one that the Honourable Minister of Municipal Affairs has dealt with regarding property tax and amendments there. I am pleased that he has, and I know in detail the Honourable Member for Calgary Victoria Park will respond. I only say this to him, first of all I sense he protesteth too much. He talks about sixty percent that they finally got from fifty to sixty percent. Now that's interesting that he states, Mr. Speaker, that they were at fifty percent in terms of the property tax participation in education. He said - we've worked hard in these last few years but we're making progress, and we are now up to sixty percent. Well, what's interesting to me, Mr. Speaker, is this document that every time we pull it out - you know I sense they wish it would self destruct - but it's a document

of March, 1966 and it's the one on the cover that has the Honourable Mr. Strom and the Honourable Mr. Reiersen and the Honourable Mr. Aalborg, and that was - what? Five years ago - and that said, 'We recommend that two thirds of the costs of education be paid out of the general revenues of the province. Well, I suppose if we bring this document out in the year 1976 and the situation is the same in terms of this House, that they'll probably finally make the two thirds level. Well, Mr. Speaker, it's not good enough, because the people that are forgotten in this balance sheet that the Honourable Minister of Municipal Affairs refers to, are two groups of people. They are the senior citizens of this province, and they are the small farmers. They are the ones that are talking about property tax. They are the ones that say - that I paid for one generation to be educated, and you are now asking me, Member of the Legislative Assembly, to pay for a second. Well, that's not right. And that change should be made as a starter. And it isn't enough to monkey around with gimmicks like homeowners tax discounts. But if you want a quick rundown of your figures, try these and check. Ninety six million dollars into the Foundation Fund - you drop your twenty five million dollars in terms of your industrial proportion. You take off your sixteen million dollars of homeowners tax discount, and you drop your thirty eight million dollars of municipal grants, and you've got an increase of seventeen million, and you've got an increase of seventeen million which is one percent of the Budget, and what have you got in the end result? You've got the senior citizens of this province getting a fair break. Yes, the small farmers getting a fair break. You've got a tax system that everybody understands - you've got federal government facilities, and you've got the people of Alberta not being treated at the local government level unfairly.

And you know, Mr. Speaker, there are other ways that they could deal with this as well, and that's another aspect of it. When you've got a tax system and you've got a property tax system, take a look at that idea. Take a look at the idea of a tax proposal that permits you, for the lower income groups, to have an exemption based on the property tax position that you are paying. Take the lower income groups and be able to deduct - and you might work a tax credit system back such as they proposed in Ontario that may be far superior - far superior to the proposal in the present tax reform measures which is one of exemptions. These are the sort of things that should be discussed in this Alberta Legislature.

Now when you talk about future revenue potential, Mr. Speaker, there are a number of them. The ability of the next government, the Seventeenth Alberta Legislature, in addition to its negotiation with the federal government, to fulfill its obligations and its commitments will depend upon its effectiveness to have a positive, constructive blueprint for creating growth potential. But the issue in this next election in many ways is going to be an issue of attitudes. It's going to be an issue as to whether or not the people who are seeking the mandate from the Province of Alberta have an attitude that they really, truly believe and are prepared to commit, and are prepared to give emphasis to - that this province had better start moving, and better start moving and not rest on its laurels or spend its time patting itself on the back, particularly if it comes from an area such as a Chemcell plant where you have got very serious layoffs. That's what is needed in this province - an administration that has got an attitude that - we'd better start doing a better job.

Now the Member for Strathcona West has in this Budget debate as part of our theme here put forward some very thoughtful comments which as usual have fallen upon deaf ears, but they haven't outside the Legislature. They have been very well received outside the Legislature - the need for a positive and strong industrial development program that isn't just going through the motions by way of final reactions, or scrambling - scrambling eight hours after our rural industrialization conference in Lethbridge - what a joke - the recognition is needed that we are into another phase - the production and marketing phase of our oil industry. Well, the Honourable Minister of Mines and Minerals dealt with this matter but he dealt with it in such a way that it struck to me the message that he felt that we could continue to coast on that department and its capacity. And I hope he's right. I hope he is, I hope it always continues that way. I suggest to him one thing he give some consideration to. We've got the shift to the north. We've got the clear shift in the exploratory drilling going on. We've had a pretty significant change in terms of the royalty picture. I think we ought to give consideration as quickly as we can - like today - to reviewing the prorationing system, to reassessing the Oil and Gas Conservation Board to seeing if it is possible whether or not a change might increase the amount of drilling that would occur here in Alberta. It is at least something that should be looked into. The prorationing system was essentially set up at a time when we were having a very difficult market situation, and there has been a change. Now maybe the timing won't permit a rapid alteration, but I would like to think that we were looking at it.

As far as we are concerned, a Progressive Conservative government would commit to overcome this dependency upon the petroleum industry; a much higher, a much greater share, a much

higher priority to the field of industrial development. It's been kind of a lost cousin here in Alberta. As far as I am concerned, I think this is the sort of thing that is needed, and I think too, that we would find that if we did it and we started now, that the return that we would have in terms of existing tax rates, and an income tax level per capita would start to equate for the return that we were - that provinces such as that of British Columbia are receiving.

Now Mr. Speaker, if this province is going to meet its revenue requirements in the future, it's going to have to have a very serious long term program at a much higher priority than we have had in the past in terms of creating new job opportunities, higher average per capita incomes in this province, and a real growth approach. And we have got to combine that with a tax sharing agreement that has the full support of the citizens of this province.

Now Mr. Speaker, in dealing with future expenditure policies, when we look at the Estimates of this province that have been submitted to us for the fiscal year April 1st, 1971 to March 31st, 1972 it is obvious to a person that is looking beyond a year, and looking ahead, to the fact that we need new techniques of cost control, improved government operations and a clear declaration of expenditure priorities. Let's deal with cost controls. We have heard discussion - and I really frankly was staggered, Mr. Speaker, I was - when that Budget came down two weeks ago tonight, when Mr. McNamara in the Pentagon developed almost a decade ago a pretty - well almost commonly used tool of program budgeting - when other provinces are bringing it in, when I brought this book forth a year ago, the Estimates of the federal government - it's no panacea - it doesn't solve all your expenditure problems - but what it is, Mr. Speaker, for any

government that even wants to think about calling itself modern any government that wants to even try to say to the people that understand what's going on in the world - you bring in a program budgeting - you say, these are the objectives, these are the sub objectives, this is the program - and what does it do? It permits you to look at a document - this document doesn't permit you to look at it - to pinpoint the waste, to point out where you should put the emphasis to get away from the high general expenses. It's so far superior to the line method - and what's unbelievable about it, Mr. Speaker, is we have got the Minister of Education trying to tell - I believe its the school boards - that they should start using this vehicle. And yet here we have this Budget presented without it. And I really felt that some effort would be made to be modern and contemporary. Well, it wasn't. And as far as I am concerned it would permit you to phase out a program. That's the difficulty of government expenditure programs. How can you evaluate it effectively enough to know when you can phase it out, or reconstruct it in terms of another situation. You looked at the area of housing, try to look at these two documents that evaluate housing. Evaluate! There is no way that a realistic evaluation of housing can be made in the way those documents are presented to the people of Alberta, in terms of what their objectives are and their sub-objectives, their long term plans - no way. Well, if this government wants to go to the people and say - we're old - then that's just one way to do it.

Now in terms of general government administration, we have got expenditure policies. We talked about five percent this year, so we did a little rundown about administrative costs. General government - they're the 02 categories, and just add the 02's up, and the aggregate increase percentagewise in your general

administration per department - 20% - 5% across the board. In other words we'll have a 20% increase in the administration - oh, yes, we'll build and build bureaucracy. But when it comes to programs for people - oh no - keep that back. We'll limit that. We won't look after problems that are needed in mental health, we won't be too concerned about some of the other social problems involved in Social Futures. Now - but we'll keep building. We'll keep buildin' that bureauracy - twenty percent general administration - five percent across the board.

Now Mr. Speaker, there's another thing that should be done that a Progressive Conservative administration would have, and it would embarrass us. But we propose it at this time. What's needed is a vehicle - not a Budget Bureau - that has its probably necessary effectiveness - but what's needed in Alberta is to take the Provincial Auditor, who is doing a good job in this province, to take the Provincial Auditor and take his role and his office - and I suggested this in 1968 in the session. The Honourable Provincial Treasurer nodded and said that they would consider it - to take the Provincial Auditor who is merely recording, who is merely bookkeeping, merely keeping track of things - and reconstruct the Provincial Auditor into an Auditor General - to develop an Auditor's General's office who would look in, ferret out, and deal with the matters of waste. And we intend later in this session to initiate steps along that line. It is certainly a clear, positive way in which improvement could be made.

So, Mr. Speaker, as far as I am concerned, these are ways - program budgeting - a better balance between general administration and overall expenditure, and emphasis in our view on an Auditor General.

And certainly there needs to be improved government operations. We have described the idea and the concept that we

have had of a new department of Energy that doesn't rely on boards. We also need in this province a clear declaration of expenditure priorities. A declaration that I would put of rural development as compared to rural - as compared to say the Department of Youth. Of mental health compared to A Land for Living magazine. These sort of priorities should be put by any party asking for a mandate of people. What are their priorities - the public needs to know. Well - if you don't have them - we'll - the public could evaluate them. If you don't want to declare them, Mr. Speaker, they can evaluate it from that document. And if that's the document they want to go into the election on by way of priorities - fine.

There are all kinds of different ways to look at priorities, but there are three of them. It's between departments, within departments - for example in education whether you are dealing with - give the emphasis to graduate studies or community colleges; and administrative programs as compared to grants to people to get them to do things. Certainly in the area of mental health, that's another example.

Now there are four specific areas that I would like to touch on in terms of this Budget. The first one is jobs for our people. I get on open line radio programs, Mr. Speaker, and that's what they phone in about - jobs. That's what the people are concerned when they get outside of this Legislative Assembly. Jobs for the forty one thousand now unemployed - but also, Mr. Speaker the longer term problem - the twenty thousand new jobs we are going to need every year just to keep ahead of the game - for our younger population. And when we see a situation like Chemcell and we have a situation where the Chemcell in a very, very unfortunate Chemcell development - because that development strikes at the very foundation of what we've been trying - and what I think the other side

have been trying to do - and that is get away from a natural resource base and build a stronger potential economy in this province - and that Chemcell situation is like trying to put on the first floor and having one of your foundations collapse just as you are doing it. That's how serious the Chemcell situation is. And anybody that minimizes it, and particularly anybody that minimizes that it represents - had better seriously be concerned as to its long term implications. You get the report of the Edmonton Journal of February 24th by Mr. - talking to some of the people who were involved - Joe Evans says, 'The relocation program the company talked about might be alright for people in their thirties and forties, but for me in my late fifties it's not so good. What other company is going to take me'. And it says, 'when approached by the Journal Tuesday, Chemcell employees emanated generally a tone of resignation to the news. The feeling that it's government policy affecting the chemical industry rather than a specific intention by the company to push them out of the labour market'. Mr. Speaker, what's government - the government of the Province of Alberta in which this petrochemical

(comments from the House)

And the very fact, Mr. Speaker, that that Member doesn't recognize - doesn't recognize that this government has a responsibility is clearly the fact. Very, very seriously the fact of passing the buck. That's where the responsibility is. What do we have? We have the day after the announcement the Honourable Premier saying in this House regarding Chemcell - the Minister Mr. Marchand had asked the Secretary of Manpower and Immigration to take whatever steps are necessary to relocate the people who will be displaced. Well, my report from Ottawa is that yesterday Mr. Marchand when asked said that to his knowledge the Department of Regional Expansion

had not received representation from the Alberta government concerning the relocation of those who have lost their jobs. The people of Alberta look to their provincial government, even if the Social Credit Party don't.

Now when you come to Syncrude, and we have dealt with that, - and just let me go back to Chemcell - they say that isn't their responsibility, Mr. Speaker, - one of the most important factors involved there was the fact of the unpegging of the dollar - and yet when the matter was raised in this Legislature as to the degree of consultation and effort made by this provincial government on Chemcell - I mean on the unpegging of the dollar, what did they do? They have done nothing.

(comment from the House)

Oh, no. Oh, that's the excuse - or any other provincial government. Well that's great, but it's Chemcell we're talking about, and it's Alberta citizens we're talking about.

When you deal with Syncrude, Mr. Speaker, I think that the importance of that project, and it's very significant, but if there is an effort to slide away from responsibilities because these long term projects are developed - well, we had a short term program presented to this Legislature, and it dealt with 118,000 man days to deal with our unemployment problem. Well, at first blush it didn't sound too bad, until one started to evaluate what it really meant. It meant if you eliminate the student group you are dealing with a hundred and thirty two people on a year round equivalent. It meant that when you dealt with the students, fifteen hundred students - other than the students, you are dealing with twenty two man days. In other words, what you are talking about if you want to use their figures, is one month's employment.

You know, another thing about the program, Mr. Speaker, that is so sad, is that it was trumpeted up here as being a great

effort by this provincial administration - and not one cent - not one cent of provincial funds going to support it. A Progressive Conservative administration would have brought in that program and said - that's the federal contribution, the provincial contribution is a minimum of double.

(comments from the House)

Alright - you think you've passed the buck. Go ahead and continue to try to pass the buck, but the people of Alberta know that that's exactly what you're doing. This government, not since the first of September 1970, with provincial revenues, have come up with one positive, concrete program for stimulating the employment in this province. Not one.

Now as far as I am concerned too there are lots of things that could be done, and there are lots of new ideas if they would think about them, if they would take that responsibility. There is the fact of the idea of tax credits to create jobs, that was set forth in the Report of the Financial Times of February 12th, a very novel idea. One that a Minister of this province should be in Ottawa today proposing. There is the very important need for long term programs. And Mr. Speaker, there is the forty five to sixty five year age group. There is a very important need to do something about them. And Bill 140 that I presented to this House last year was a beginning. So as far as we are concerned, this is something a Progressive Conservative government would consider, is something we would do to bring the major employers together in this province, to sit them down and to say to them - look, what can we do for this group of people in that age category to find jobs for them. Let's not ignore them and turn them out - they're experienced people, like Joe Evans of Chemcell. And what we would do is find out what those obstacles

are and see if we could overcome them.

These are the things that an alert and contemporary provincial government would be concerned about today.

Now Mr. Speaker, I am sure that other Members will deal with the matters of hospitals - and I've dealt with the question of property taxation. In terms of future capital financing plans, I have dealt with that in a speech to the Alberta Association of Municipal Districts, and I raised it in this House, Mr. Speaker, for the Honourable Minister of Highways three years ago. I raised the concept and the idea that I think Members on both sides of the House in these modern times would be prepared to alter the traditional one year appropriations, would be able to look at the start of the Seventeenth Alberta Legislature, or the Sixteenth and start to have long term planning for capital projects. That's the sort of forward planning that is required in this province.

(comments from the House)

You've had it for years, and do you know what they do, Mr. Speaker? They've had it for years so, do you know what they do? They go along on a pay as you go program - they go along when the interest rate is about four and a half percent in terms of their long term planning - and how effective is that long term planning? They wait until its nine percent - and that's when they go out to borrow. That's their long term planning. And that's cost, the people of Alberta millions and millions of dollars - of wasted dollars. Wasted dollars. And as far as I am concerned, Mr. Speaker, it's that failure to plan ahead. It's that constant reflection of the past that's caused that problem.

(comments from the House)

Well, they don't like the music, Mr. Speaker. I don't blame them for not liking the music - because this is the music

that the people of Alberta - this is the music - the response that they're going to get as they travel through their constituencies. The people of Alberta are saying - we want a government that will look ahead and not look behind.

Mr. Speaker, in the area of foreign investment, as far as I am concerned it's one of the most important areas - we knew it was coming. We raised it with a question by the Honourable Member from Calgary Glenmore to the Honourable Premier at the close of the last session. We raised it to the Honourable Premier as to what was the policy of this government - the policy of the government in this area. The policy - they didn't have one. Well, we've been asking about that policy, we've had the Member from Strathcona West throughout the course of this session trying to get across the need for a submission on the (Grey) Task Force. We're going to be hearing from the Honourable Member from Calgary-Bowness-Banff Cochrane come forth with a proposal. We're going to find too that the public of Alberta are deeply concerned as to what happened to their opportunities. We heard about the admission yesterday on Procter and Gamble that no chance was given to the people of Alberta to participate. We have got to have these measures. We've got to have measures where the people of Alberta in a Task Force such as the emergency debate attempted by the Member from Strathcona West, to deal with that matter. Well, you laugh. You could have stood up and agreed with it. This was a matter that should have been dealt with in this House. The people of Alberta thought it should have been dealt with. We think it's important. Well - they don't think it's important. Procter and Gamble is an example of it, the Grey Report is an example of it. There are many others. As far as I am concerned it's clear that they have just merely shrugged their shoulders and hope the problem goes away.

Mr. Speaker, you can assess time and time again the situation in this province in terms of its economy, but I'll conclude with the view, in summary - oh, I suppose you don't enjoy it, and I am not at all surprised that you don't enjoy it.

(comments from the House)

Mr. Speaker, I conclude with the alternative of the Progressive Conservative Party, in summary

(comments from the House)

Well, we'll let the people decide - and that's what we'll let decide.

(comments from the House)

We got all sixty five going on that one.

In closing, Mr. Speaker, a Progressive Conservative government in tax sharing with the federal government would negotiate a new and fair tax deal, shifting the burden of income tax so that fifty percent of the revenues were received here.

The leader of government in this province would give priority to establishing greater public awareness, and the amount of corporation tax paid by large pipeline and integrated companies would be altered so that Alberta received its fair share.

We would establish proposals for tax reform such as I have described here. We would have future policies - tax policies - which would give incentive to create new permanent jobs as compared to merely one shot capital investment.

We would offset the obstacles of smaller enterprises. We would have a program so that the smaller enterprises could truly compete.

We would shift the property tax field, except for the industrial tax portion, from local government so that the education

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